

National **Australia Bank**

THE MARKET

The Australian financial services sector is undergoing tremendous change in the 1990s. With intense competition at both national and state levels, enormous breadth of product choice, technological innovation, numerous niche specialists and progressive dismantling of regulations, the market is more dynamic than it has ever been.

At the same time, the consumer of the 1990s demands choice, price competitiveness, excellent service standards and most importantly customised financial solutions tailored to individual needs - not a 'one size fits all' philosophy. At a corporate level, the globalisation of business operations and markets has driven the development of specialist and tailored financial products and facilities, whilst at the personal level, individual goals and aspirations are paramount in the provision of financial solutions.

National Australia Bank is a major player in this marketplace. It is Australia's largest and most profitable banking organisation.

ACHIEVEMENTS

While National Australia Bank is the largest Australian bank, it is also one of the world's most successful banking and financial services organisations. It operates the largest banks in New Zealand (Bank of New Zealand) and Northern Ireland (Northern Bank) along with substantial interests in England (Yorkshire Bank), Scotland (Clydesdale Bank), Ireland (National Irish Bank) and the United States (Michigan National). The National is truly a major global competitor.

In its latest full



year (to 30 September 1996) the entire Group earned an after tax profit of \$2.1 billion on total assets of over \$173 billion. This result represented a return on shareholders equity of 17.1%. The Australian operation contributed \$1,277 billion to the Group profit on an asset base of over \$91 billion. With its focus on providing a tailored product range, high levels of customer service and price competitiveness along with high levels of operational efficiency, National Australia Bank has consistently delivered significant annual returns to shareholders - over the past ten years this return has averaged 20.1% per annum. The National now has over a quarter of a million shareholders.

As at 30 September 1996 the National employed over 52,000 people with 22,000 based in Australia.

HISTORY

National Australia Bank today is the product of the 1981 merger of two of Australia's oldest banks, the National Bank of Australasia (established in 1858) and the Commercial Banking Company of Sydney (established in 1834).

The original National Bank was born during the great Victorian gold rushes of the 1850s while the CBC of Sydney grew to service the expanding pastoral and farming industries of the then Colony of New South Wales. Helped by a series of acquisitions, the operations of both banks eventually spanned the continent. Well into the 20th century the growth of the two banks paralleled and contributed to the development of a young nation. The 1981 merger brought these two great organisations together and combined the heritage of the two brands to form National Australia Bank Limited. This proud heritage is clearly evident in a network of numerous historic branch buildings many of which date back to the 19th century and are

classified by the National Trust. Such heritage is a cornerstone of the National Australian Bank brand.

With the emergence of deregulation and increased competition in the 1980s, the newly formed National Australia Bank was well placed to succeed in the domestic marketplace as well as expand operations offshore. In 1987 the National acquired Clydesdale Bank, Northern Bank and National Irish Bank followed by Yorkshire Bank in 1990, Bank of New Zealand in 1992 and Michigan National Bank in 1995.

THE PRODUCT

National Australia Bank is a full service banking company boasting more than 3.5 million customers, across diverse personal and business markets.

The Bank's commitment to meet the needs of individual customers is reflected in a comprehensive range of financial products and services, which have broadened substantially in recent times.

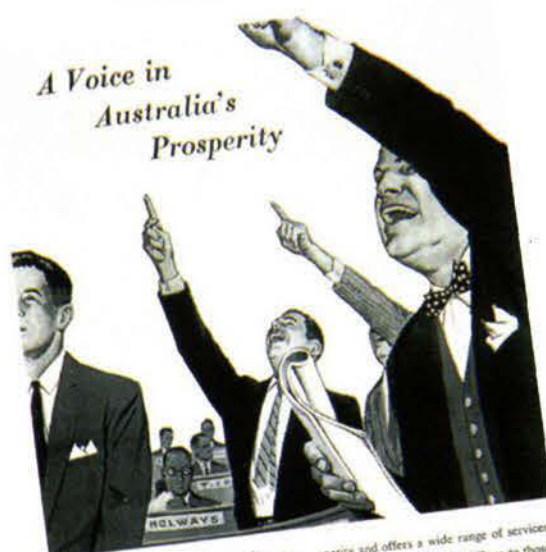
Personal customers have the choice of deposit and lending products including cheque and savings accounts, term and demand deposits, credit cards and personal and housing loans. The National consistently maintains its position as the most successful bank in Australia's fiercely competitive home loan market, writing more new loans than any other bank (at 30 September 1996). Increasingly, customers are benefiting from financial planning services and assurance and risk products, including life insurance and income protection.

For a growing number of National customers, the local branch no longer features in



Never lose sight of the bigger picture.
Never lose sight of what you set out to achieve.

 **National**
Australia Bank
 Tailoring banking to your needs



... a loud, penetrating voice. For the shout of the wool buyer, vying for that choice lot, reverberates throughout the land... and his decision to raise or lower the price by just a few pence may have a far-reaching influence on the nation's economy.

The National Bank, through its association with primary producers, wool buyers, manufacturers and exporters plays its part in contributing to Australia's pro-

perity and offers a wide range of services through 30 Branches and Offices to those people needing banking facilities.

Serving the Nation's Interests—

THE NATIONAL BANK
 OF AUSTRALASIA LIMITED





Set for the future.

From January 1st, our bank will have a new symbol. To the seven pointed star from the Australian flag, we've chosen to add two parallel bands to symbolise the C.B.C. and National Banks. Our future, like Australia's, is built on the past.

National Australia Bank

Member of the National Australia Bank Group

their regular contact with the Bank. ATMs, EFTPOS and telephone banking give customers access to their accounts without stepping into a branch. They can even obtain many of the National's key products over the phone.

The National is a substantial provider of business banking in Australia and a large banker to Australia's rural enterprises. The National's strong position in business markets is the result of carefully targeted initiatives over a number of years. These have included the development of a specialised network of more than 70 business banking outlets - known as District Commercial Branches and Business Banking Centres.

By working with thousands of small, medium and large Australian businesses on a one-to-one basis, the National has developed a range of products and services strategically suited to the market.

These include transaction and deposit accounts, cash management services and finance in the form of loans, lines of credit, bill facilities, invoice

discounting, vehicle and equipment leasing, trustee services and custodian and nominee services.

The National also provides extensive facilities and services to international traders and investors. Global, 24-hour money markets and foreign exchange operations are conducted through dealing centres in Melbourne, Sydney, Wellington, Tokyo, Hong Kong, Singapore, London and New York. The Bank trades Eurocurrency securities, underwrites and arranges facilities for major corporates and undertakes interest rate and cross-currency swap transactions.

In the competitive environment of the future, National Australia Bank will remain committed to tailoring products to the needs of individuals, rather than viewing customers as a single, mass market.

RECENT DEVELOPMENTS

Strong competition and the convergence of banks and non-bank institutions has altered the playing field in the Australian finance sector.

To attract and secure customers, the National recognised the need to expand and diversify its product and service mix. Financial services have become an integral feature of the National's retail market activity. Insurance has been identified as a key growth area, with products including life and disability insurance and more recently, health insurance. Personal trustee services have also been established and include wills, power of attorney and personal asset care and management services.

New technology is revolutionising the way businesses and people communicate, particularly across national boundaries. Devices such as smartcards, the internet and personal banking software give the National the potential to provide faster and more convenient customer service. In Australia and other key markets, the National is a major investor in the Mondex Smartcard technology. Mondex is seen as a key component in the development of a 'relationship card', which will be the means to offer most electronic banking services.

Home Loan customers will soon benefit from an internet service. The National's home loan page has been redesigned to provide customers with user friendly information about buying a home as well as the facilities to apply for a loan.

The Bank is trialling a new, state-of-the-art multimedia banking terminal. Known as National Interactive, the terminal puts customers in touch with personal banking and telephone service centres by combined telephone facsimile and video links.

Research and development of new technologies and products will remain a key area for the National, with a firm focus on how it can improve the way the Bank serves its customers.

PROMOTION

The National Australia Bank, identified by the red star followed by the word 'National', is one of the nation's most easily recognisable and respected financial institutions. As an organisation the National has worked hard to earn its reputation as a market leader and has invested heavily to protect this position.

Driving the National's marketing communications efforts is the positioning 'Tailoring banking to your needs' which reflects the bank's commitment to provide customers with a broad range of solutions to their financial needs.

The positioning is incorporated in a comprehensive marketing program, which includes television and print advertising, direct marketing, merchandising and sponsorship programs.

The National's most recent 'Bigger Picture' advertising campaign, which features the vocals of well known singer Toni Childs, marks a break from traditional bank advertising. The insightful and distinctly realistic advertisements depict people facing a range of personal challenges and encourage customers to think beyond day-to-day banking, to their long term aspirations and dreams. The campaign provides a platform for the National to promote its broad range of products and services and aligns the bank closely with the values close to the customer's ideal: the National is projected as being an understanding, approachable organisation committed to personal service and its customers' wellbeing.

To extend the 'Bigger Picture' principles at a grassroots level, the National has developed a number of sponsorship initiatives to support individuals and organisations striving to achieve their goals. Through Team National the bank will contribute a percentage of its income to a wide variety of sports and athletes, whose efforts and determination act as role models and as an inspiration to customers.

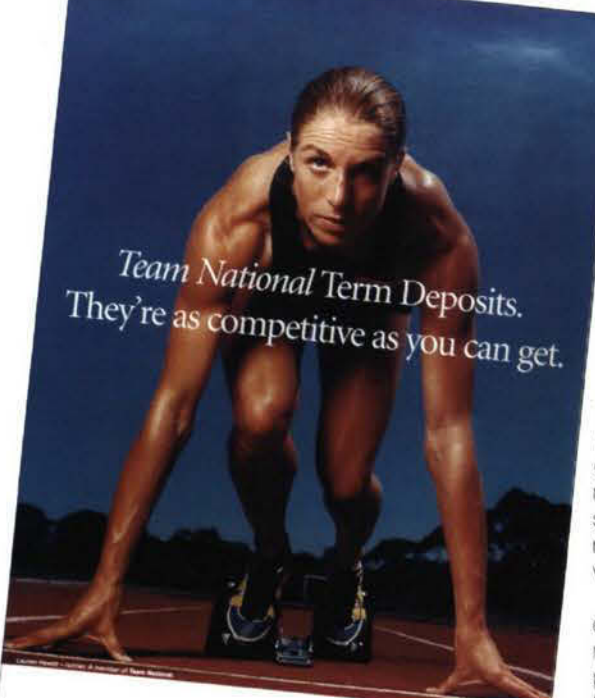


BRAND VALUES

National Australia Bank is a respected leader in the banking and the financial services sector. As a leader, the National has traditionally upheld the values of stability, security and professionalism. Today, while these qualities remain integral to its personality, the National has also made a concerted effort to demonstrate insight and understanding of its customers. National also portrays warmth, accessibility, flexibility in working with customers to achieve their goals and a unique sense it will stand behind customers through life's many hurdles.

Things you didn't know about National Australia Bank

- The National helps more than 50,000 Australians buy their own homes each year
- The National's most remote branch is located on Thursday Island off the far north coast of Australia
- The National is installing mobile EFTPOS terminals in 12,000 taxi cabs across Australia
- National Vision is the Bank's own direct satellite television service broadcasting to 20,000 staff in more than 1000 National branches and other worksites throughout Australia.
- The National participates in Australia's largest customer loyalty scheme, Fly Buys. The scheme boasts nearly two million household members.



Team National Term Deposits.
They're as competitive as you can get.

Invest in a Team National Term Deposit now and you could win a trip to the Berlin Marathon. Ask for details.

National Australia Bank
Tailoring banking to your needs